

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 08854 151534Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CIAE-00

COME-00 INR-10 LAB-04 NSAE-00 SP-02 STR-07

TRSE-00 FRB-03 OMB-01 CTME-00 L-03 /064 W

-----105156 151648Z /73

R 151400Z MAY 78

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2765

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

US MISSION GENEVA 1352

AMCONSUL MILAN

AMCONSUL FLORENCE

LIMITED OFFICIAL USE ROME 8854

GENEVA PASS TO JACOBINI, BRUSSELS FOR USEC.

E.O. 11652: NA

TAGS: ETRD, IT

SUBJECT: TEXTILES/CUSTOMS EVALUATION AND GOI AUTOMATIC IMPORT
LICENSING SYSTEM

REF: (A) STATE 105630, (B) ROME 235 AND PREVIOUS, (C) ROME 511,
(D) ROME 2275, (E) ROME 3108.

1. SUMMARY. THE SUBJECT TEXTILE CUSTOM EVALUATION PROBLEM IS
DIRECTLY RELATED WITH A SERIES OF IMPORT CONTROL AND SURVEILLANCE
MEASURES ADOPTED IN ITALY SINCE OCTOBER 1977 AS BRIEFLY DESCRIBED
BELOW. THE NEW MECHANISM DOES ALLOW THE ITALIAN TEXTILE INDUSTRY TO
COLLABORATE IN ASSESSING DUTIABLE VALUE ON TEXTILE IMPORTS. ITALIAN
CUSTOMS REGULATIONS HOWEVER, PERMIT RELEASE OF SHIPMENTS PENDING
COMPLETION OF THE IMPORTER'S APPEAL AGAINST THE ASSESSED DUTY.
END SUMMARY.

2. BACKGROUND. THE GOI AUTOMATIC IMPORT LICENSING (AIL) WHICH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 08854 151534Z

FORMERLY APPLIED ONLY ON IMPORTS OF CERTAIN SENSITIVE PRODUCTS
FROM EEC COUNTRIES BUT ACTUALLY ORIGINATING IN NON-EEC COUNTRIES,
WAS BY DECREE OF LAW OF OCTOBER 25, 1977 EXTENDED TO CERTAIN
TEXTILES IMPORTED DIRECTLY FROM NON-EEC MEMBERS. THIS DECREE
REQUIRES THAT THE APPLICATION FOR AN AIL BE SUBMITTED TO THE
ITALIAN MINISTRY OF FOREIGN TRADE (MFT) ALONG WITH A QUOTE
TECHNICAL STATEMENT UNQUOTE WITH MATERIAL PIECE CUTTINGS

ATTACHED. THIS PROCEDURE AND OTHER REGULATIONS RESTRICTING PORTS OF ENTRY FOR TEXTILES, WHICH PROMPTED STRONG REACTION FROM THE LOCAL BUSINESS COMMUNITY AS WELL AS EMBASSY'S INTERVENTION, WERE LATER ON REVIEWED AND MODIFIED TO EXPEDITE AND REDUCE PROBLEM CAUSED. SEE REF. ROME 2275, ROME 3108 FOR DETAILS.

3. CURRENT PROCEDURES: CURRENTLY THE AIL SYSTEM IS REPORTEDLY CONSIDERABLY IMPROVED AND THE LICENSE CAN NOW BE OBTAINED IN ABOUT 10 DAYS (FIVE DAYS NEEDED BY MFT PLUS ABOUT FIVE DAYS FOR TRANSMITTAL TO THE CUSTOMS THROUGH THE MINISTRY OF FINANCE. THE TECHNICAL STATEMENT IS, HOWEVER, PROCESSED SEPARATELY. IT IS FORWARDED TO A SPECIAL TECHNICAL COMMITTEE IN WHICH, REPORTEDLY, REPRESENTATIVES OF THE ITALIAN TEXTILE INDUSTRY ARE INFLUENTIAL MEMBERS WHO, OF COURSE, ARE INTERESTED IN PROTECTING THE DOMESTIC INDUSTRY WHICH SUFFERS FROM HIGH LABOR COSTS AND LOW PRODUCTIVITY. DUTYABLE VALUE ON GOOD IS ASSESSED BY CUSTOMS ON THE BASIS OF THE COMMITTEE EVALUATIONS. RESULTING DUTIES WERE REPORTEDLY IN SEVERAL CASES FIFTY AND EVEN ONE HUNDRED EIGHTY PERCENT HIGHER THAN EXPECTED. SUCH HIGHEST EVALUATIONS WERE FOR SHIPMENTS FROM FAR EASTERN COUNTRIES (ESPECIALLY YARNS)-THE LABOR COST IN THOSE COUNTRIES IS BELIEVED TO BE ONE SIXTH THAT IN ITALY--THILE IMPORTS FROM THE U.S. HAVE IN SEVERAL CASES REPORTEDLY BEEN OVERVALUED BY TEN TO THIRTY PERCENT. CUSTOMS PROVISIONS FOR DISPUTES ARISING IN CONNECTION WITH DUTYABLE VALUE ALLOW IMPORTERS TO APPLY FOR AN APPEAL MECHANISM LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ROME 08854 151534Z

WHICH MAY TAKE FROM TEN DAYS TO AN INDEFINITE PERIOD OF TIME (DEPENDING ON THE VARIOUS GRADES OF APPEALS AND COUNTER-APPEALS, BUT ARTICLE 107 OF LAW NO. 18 OF FEBRUARY 18, 1971 GIVES AUTHORIZATION TO CUSTOMS AUTHORITIES TO RELEASE THE SHIPMENT CONCERNED PENDING RESOLUTION OF THE APPEAL, UPON PAYMENT OF A TEMPORARY DUTY OR DEPOSIT TO BE CALCULATED ON THE BASIS OF THE HIGHEST RATE UNDER WHICH THE MERCHANDISE MAY BE SUBJECTED AT COMPLETION OF THE APPEAL. CUSTOMS MAY ALSO REQUEST AN ADDITIONAL DEPOSIT FOR POSSIBLE PENALTIES SHOULD THEY BE REQUIRED BY THE FINAL RESOLUTION. THE IMPORTER HAS THEREFORE THE RIGHT OF RECEIVING THE SHIPMENT UNDER ABOVE CONDITIONS. THERE MAY BE CASES, HOWEVER, IN WHICH THE IMPORTER HAS REASONS, E.G. LACK OF CASH FOR THE REQUIRED TEMPORARY DEPOSIT, AND PREFERS INSTEAD TO PAY THE STORAGE EXPENSES.

4. COMMENTS. THERE IS A STRONG FEELING AGAINST CURRENT GOI TRADE POLICY AND ESPECIALLY AGAINST THE PRESENCE OF THE ITALIAN INDUSTRY REPRESENTATIVES IN THE AIL CLEARANCE MECHANISM. WE HAVE BEEN INFORMED THAT LEADING ITALIAN IMPORTERS AND DISTRIBUTORS ARE PRESSING THE MINISTRY OF FINANCE, WHICH OVERSEES CUSTOM MATTERS, FOR A MORE LIBERAL POLICY. THE EMBASSY WILL MAINTAIN CONTACTS WITH SEVERAL LARGE LOCAL DEALERS AND IS CONSIDERING

THE ADVISABILITY OF AN APPROACH TO MF ON THIS NON-TARIFF TRADE
BARRIER. PLEASE ADVISE WHETHER AN EMBASSY ACTION IS
DESIRED.GARDNER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, CUSTOMS DUTIES, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME08854
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780205-0550
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780558/aaaabxgn.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 17801c9f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 105630, 78 ROME 235, 78 ROME 511, 78 ROME 2275, 78 ROME 3108
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2688692
Secure: OPEN
Status: NATIVE
Subject: TEXTILES/CUSTOMS EVALUATION AND GOI AUTOMATIC IMPORT LICENSING SYSTEM
TAGS: ETRD, IT
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/17801c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014